

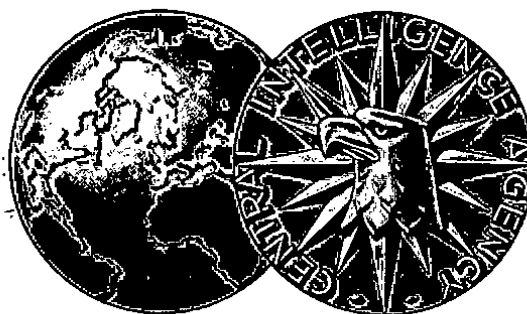
~~SECRET~~

RECORD COPY

RECORD COPY

RECORD COPY

WEEKLY SUMMARY



Number 95
 24 MAR 1950

F-19

Document No. 001
 NO CHANGE in Class. ☐
☒ DECLASSIFIED
 Class. CHANGED TO: 53 3 0
 LRA Memo, 4 Apr 77
 Auth: DDI REC. 77/1763
 Date: 31-1-78 By: 013

CENTRAL INTELLIGENCE AGENCY

*Archival Record**Return to Archives & Records Center**Immediately After Use*~~SECRET~~

235021

1. This publication contains current intelligence exclusively and therefore has not been coordinated with the intelligence organizations of the departments of State, Army, Navy, and Air Force.
2. This copy may be either retained, or destroyed by burning in accordance with applicable security regulations, or returned to the Central Intelligence Agency.

WARNING

This document contains information affecting the national defense of the United States within the meaning of the Espionage Act, 50 U.S.C., 31 and 32, as amended. Its transmission or the revelation of its contents in any manner to an unauthorized person is prohibited by law.

SECRET

C O N T E N T S

	Page
HIGHLIGHTS.....	1
WESTERN EUROPE.....	2
NEAR EAST-AFRICA.....	5
FAR EAST.....	6
WESTERN HEMISPHERE	9
ARTICLES:	
Chinese Aid to Ho Chi Minh.	10
Italian Communist Offensive	11

SECRET

SECRET

H I G H L I G H T S

Labor agitation in France and Italy held the spotlight this week in Western Europe as the Communists prepared to exert every effort to obstruct the delivery of US arms and convince the US Congress of the futility of converting these countries into stable and dependable allies. The Communist strike effort in Italy, the strongest since 1948 (see page 10), is unlikely to lead to nation-wide insurrection or forceful seizure of the government, but will materially weaken popular support for the De Gasperi regime. In France, the number of strikes is diminishing but a new strike wave will probably develop within a few months as employers continue to refuse to meet labor's minimum demands for wage increases (see page 2).

Although Chinese Communist military assistance to Ho Chi Minh's resistance forces will probably increase soon, numerous reports of large-scale Chinese military aid and Chinese participation in the war against the French have not yet been substantiated (see page 10). Meanwhile, Ho's forces have free access to south China and are receiving limited military supplies. Additional evidence of mounting Chinese Communist support of dissident movements in Southeast Asia was supplied by the capture in Malaya of and admitted Chinese Communist agent trained in guerrilla and subversive activity (see page 8).

- 1 -

SECRET

SECRET

W E S T E R N E U R O P E

FRANCE

Strike Prospects Although the number of strikes is diminishing, labor's economic needs have not yet been met and a new wave of strikes will probably develop within the next few months. Management is taking a firmer stand against labor than was at first expected and the organization of employers is now determined that its members shall limit wage increases to 5 percent in the Paris region and 8 percent in the provinces. These increases fall far short of what labor considers to be its minimum requirements. In many strike sectors, back-to-work movements are growing largely as a result of the strikers' inability to stay out and not because the workers' demands have been met. Many strikers were unprepared, both mentally and financially, for prolonged or violent strike action, and they are temporarily accepting what they consider to be entirely inadequate offerings on the part of industry and the government. Although labor has little chance during the present strike wave of receiving more than management offered at the start of collective bargaining, labor leaders will continue to call for strike action to back up their demands. The determined opposition to labor's collective bargaining efforts will make the workers increasingly receptive to Communist propaganda which will be further intensified when shipments of US military aid begin arriving in France next month.

SECRET

BELGIUM

Leopold Issue The fall of the Belgian Catholic-Liberal Cabinet indicates the bitter dissension in the country over the issue of King Leopold's return and illustrates the complete preoccupation of Belgian officials with the question. Although the basic differences regarding the King's return remain unaltered, the fear of prolonged rifts in the political life of the country is causing increasing concern among moderates in the three major non-Communist parties. As a result of this increasing fear, there is a growing tendency to think that the interests of the nation would be better served by having the King return to clear his name and then abdicate in favor of his son, Prince Baudouin. If such an arrangement cannot be worked out, it will become extremely difficult to settle the Leopold issue and at the same time to maintain any degree of political stability in Belgium. For example, if the Catholics do succeed in forming a new Cabinet designed solely to obtain parliamentary approval for Leopold's return, the margin of approval would be so slight that the political instability resulting from his return would probably require general elections in the near future. Moreover, if Leopold did succeed in returning and attempted to exert the personal influence in government affairs that he did prior to the war, there would probably be far less solidarity on foreign policy for some time.

UNITED KINGDOM

Government Stability The survival of the British Labor Government after three votes of confidence by narrow majorities indicates that neither major party wants an immediate election. During the

SECRET

UNITED KINGDOM

crucial parliamentary votes, a number of Conservative MP's were absent; on the other hand, successful Labor Party discipline resulted in almost 100 percent attendance. The Labor Government, however, will remain in a precarious position as Churchill continues to harass the government on domestic issues in an effort to build up a record on which the next election can be fought. This position will make it difficult for the government during the coming budgetary debates to provide for an increased 1950-51 budget surplus, which will be necessary to combat domestic inflation and reap the full benefits of devaluation. The government will also be under pressure from labor to continue and possibly increase social benefits, while any increase in taxation, particularly on capital, would provoke a fight to the finish with the Conservatives.

- 4 -

SECRET

SECRET

N E A R E A S T - A F R I C A

IRAN

Soviet Relations Coincident with the imminent resignation of Prime Minister Saed and the consequent need to find a strong and competent premier capable of coping with Iran's critical domestic problems, rumors are circulating in Iran that Soviet and Iranian officials are engaged in economic negotiations. Moreover, Soviet external pressures on Iran have relaxed during recent months, and there have even been hints that a settlement of Soviet-Iranian differences is not only desirable but possible. Concurrently, the Soviet-backed Tudeh Party has intensified its subversive activity. Although the rumored Soviet-Iranian negotiations may actually be in progress, the Iranian Government is unlikely to enter into an agreement with the USSR which would prejudice its relations with the West. Nevertheless, conditions within Iran are riper for Soviet exploitation than they have been for some time. Unless the Shah can find a capable successor to Saed, frustration and despair in Iran will spread, making the government increasingly vulnerable to the subversive efforts of the Tudeh Party. Such a development would strengthen the position of those Iranians who favor a rapprochement with the USSR, especially on economic matters, as a means of stabilizing the internal situation. In this atmosphere, the USSR is thus being careful to pursue a policy of official friendliness, not only for fear that a policy of threats and pressures would rally nationalist elements in support of the government's anti-Soviet stand, but also in the hope of entering negotiations which might lead to: (1) relaxation of Iranian pressure on Soviet cultural and propaganda agencies; and (2) establishment of closer economic ties and possibly the granting by Iran of oil concessions.

- 5 -

SECRET

SECRET

FAR EAST

CHINA

UN Representation Signs of uneasiness over the UN impasse on the Chinese representation issue are increasing. UK Foreign Minister Bevin has indicated his belief that a quick settlement is necessary, and the British Foreign office has encouraged its UN delegation to attempt indirectly to get the Communist Chinese delegate seated. Other signs of restiveness over the problem include: the recent efforts of Secretary General Lie to resolve the issue; the announcement that Ecuador will switch its vote in the Security Council from support of the Nationalists to abstention; and reports that both the French and Egyptian UN delegates disagree with their governments' positions and feel that positive steps should be taken to end the Soviet UN boycott by seating the Chinese Communists.

Sinkiang Pact Extensive plans publicized by the Chinese Communists for the economic development and industrialization of Sinkiang, coupled with the presence of a high Sinkiang official at the recent Moscow negotiations, point to a secret agreement which will enable the USSR to exercise effective control of the mineral-rich province through joint Chinese-Soviet economic activity rather than through territorial concession. Such an agreement would be aimed primarily at ensuring Soviet control of an area essential to the defense of Soviet Central Asia. In addition to securing important mineral rights and trading privileges for the USSR, the agreement probably provides for the expansion

- 6 -

SECRET

SECRET

CHINA

of Soviet consular establishments, the assignment of Soviet advisers to the Sinkiang provincial government and Chinese Communist armed forces in Sinkiang, and the extension of the former Chinese-Soviet air agreement. Soviet control over Sinkiang will probably be exercised through the Peiping regime rather than directly in order to: (1) convince the Chinese that the USSR does not intend to violate Chinese territorial integrity; and (2) allow the Chinese Communists to bear the responsibility for local unrest in the province.

INDONESIA

Dutch Conference The first Netherlands-Indonesian Union conference, scheduled to convene at Jakarta on 25 March and regarded by both countries as particularly important, will be held in a disturbed atmosphere. Both nations will be represented by a strong delegation of cabinet ministers. Two of the issues likely to be discussed--Indonesian claims to Dutch New Guinea and the future status of Netherlands civil servants in Indonesia--are extremely delicate issues and, if unresolved, may seriously strain relations between the two new partner countries. Because aggressive Indonesian nationalists have publicized the New Guinea issue to such an extent that government prestige would suffer if Indonesian claims are not fully realized, the solution of the problem will depend largely on a modification of the present Dutch attitude. The Dutch, however, will attempt to postpone a decision on the New Guinea question. Clarification of the status of minor Dutch officials, whose positions

SECRET

INDONESIA

were guaranteed for two years by the independence agreement, will also be a troublesome matter. The Indonesians charge that many of the Dutch administrators are unable to adapt themselves to changed conditions and therefore lack the incentive to work efficiently. The Dutch, on the other hand, feel insecure and find their relationships with their Indonesian superiors difficult. Further obstacles to satisfactory or conclusive results from the conference include such factors as Dutch involvement in the Westerling affair, recent drastic Indonesian financial measures, rivalry between the Indonesian federal government and its principal state, and intensified Indonesian nationalism.

MALAYA

Chinese Aid British authorities in Singapore have arrested an admitted Chinese Communist Party agent who had been sent to assist in Communist-led terrorist activities in Malaya. The prisoner stated that he was one of a group of 19 Chinese who had been landed in Malaya and that he had received extensive training in sabotage, propaganda, jungle fighting, and general underground work before leaving China. He added that further "infiltration" by the Chinese Communists was planned during March and April. The presence of this agent in Malaya points to the increasing difficulties the British will have in their efforts to suppress the terrorists. This plainly "unfriendly" action by the Peiping regime may stimulate stronger British measures against Chinese Communist sympathizers throughout Malaya, who are becoming increasingly vocal in their support of Peiping. Although the incident may strengthen the UK's hand in dealing with Chinese Communist activity in Malaya, this advantage will be offset by the presence of additional trained leadership within the terrorist movement itself and increased prospects of material assistance from the Chinese Communists.

SECRET

SECRET

WESTERN HEMISPHERE

CANADA

Newfoundland Bases Canada is expected to be generally cooperative in negotiating an agreement on US tenure of the Newfoundland bases when the Permanent Joint (US-Canadian) Board on Defense meets in Montreal at the end of March. The Canadians have indicated that they will interpose no further objection to postal handling procedures, operation of post exchanges, and other technical problems which have held up negotiations in the past. The Canadians will, however, insist on token sovereignty over the bases and will continue to be unsympathetic to US desires for modification of the existing agreement which would require a change in the Canadian criminal code or in the Visiting Forces Act in order to simplify jurisdictional problems in the base areas. Canadian opposition leader Drew has frequently needled the government on the issue of the Newfoundland bases and the government is not anxious to see the subject discussed again in Parliament. The Canadians can, therefore, be expected to demand that no part of the new agreement contain provisions which would require a change in Canadian law at this time.

- 9 -

SECRET

SECRET

CHINESE AID TO HO CHI MINH

From the numerous and varied reports of Chinese Communist military assistance to the resistance forces of Ho Chi Minh, it is almost certain that some military supplies are moving across the border and that resistance personnel can move back and forth into China without interference. There is no proof, however, that the Chinese Communists are engaged in a large-scale program of military aid or that Chinese Communist forces are participating in the war against the French. It cannot even be determined with any certainty that all recent arms acquisitions by Ho's forces have been from the Chinese Communists. Many of them may have been captured from the French, locally manufactured, or purchased from a variety of sources. Arms traffic across the border from south China and arms smuggling from the Philippines, Thailand, and elsewhere to resistance areas has been in progress for several years. The lack of any evident increase in resistance military capabilities indicates that either Ho is not receiving more arms than hitherto or is storing arms for future operations. A substantial increase in Chinese Communist military assistance can be expected soon, however, provided the Chinese Communists can consolidate their control over south China and do not become exclusively preoccupied with the planned invasions of Hainan, Taiwan, and Tibet.

- 10 -

SECRET

SECRET

ITALIAN COMMUNIST OFFENSIVE

The Italian Communists are attempting their strongest offensive against the government since the 1948 elections, with the immediate objectives of discrediting Italy as a stable and dependable ally in the eyes of the US public and Congress and of obstructing the delivery of US arms in Italy.

Since the first of the year, the Communists have capitalized on the widespread discontent generated by the continued failure of the government to cope with the basic problems of unemployment and land hunger by staging a series of violent, fairly successful strikes and riots throughout Italy, and by instigating extensive land seizures in central and southern Italy. In order to discredit the government, the Communists have also participated in more than a score of clashes with their political "opposites," the neo-Fascists, and have threatened strikes of maritime, port, and transport workers to prevent the handling of MDAP equipment. Many of these actions have been timed to coincide with the implementation of MDAP and the US Congressional discussion of 1950-51 commitments for European recovery and other international matters. Violent demonstrations, injuries, and fatalities during the current Communist campaign have probably been more numerous thus far in 1950 than during the whole of 1949.

To cope with these developments, the Italian Government on 18 March granted extraordinary powers to the provincial prefects to limit public assembly, and ordered a sharp increase in the size of the police forces. In counteraction, the Communists called short general

- 11 -

SECRET

SECRET

strikes in northern Italian cities, and finally, in protest against the death of two workers in a clash with the police, called a 12-hour general strike throughout Italy on 21 March.

Despite the careful build-up for this general strike, the Communists have probably over-extended themselves in this attempt to paralyze the nation's economy. The political and economic consequences of the present Communist offensive, however, will definitely weaken popular support for the government.

Barring a situation in which an East-West war is imminent, the Communists probably do not have the intention or the ability to develop a nation-wide insurrection and seize the government by force. It is quite conceivable, nevertheless, that they want to push the government toward a more authoritarian position in order to reduce the government's popular following and help create a "revolutionary atmosphere." In this effort, they may have considerable success, even though, in the process, they incur the risk of being outlawed.

SECRET

SECRET

DISTRIBUTION

1. The President
- 2,64. Secretary of State
- 3,4. Secretary of Defense
5. Secretary of the Army
6. Secretary of the Navy
7. Secretary of the Air Force
- 8,70. Chairman, National Security Resources Board
- 9,71. Executive Secretary, National Security Council
10. Assistant Secretary of the Navy for Air
- 11,69. Chief of Staff, US Army
- 12,13,14. Chief of Naval Operations
- 15,16,17. Chief of Staff, US Air Force
18. Assistant Chief of Staff, G-3, Operations
19. Deputy Chief of Staff (Operations), US Air Force
20. Deputy Chief of Naval Operations (Operations)
21. Director of Plans and Operations, US Air Force
- 22,23,24. Special Assistant, Intelligence, Department of State
- 25,26,27,28,29,
30,31,32,33,34. Assistant Chief of Staff, G-2, Intelligence
- 35,36,37,38,39,
40,41,42,43,44. Director of Naval Intelligence
- 45,46,47,48,49,72,
73,74,75. Director of Intelligence, Headquarters, USAF
50. Director of Intelligence, Atomic Energy Commission
51. Executive Secretary, Military Liaison Committee,
Atomic Energy Commission
- 52,53,54,55,56. Chief, Acquisition & Distribution Div.,OCD, State
57. Director, Federal Bureau of Investigation
58. Secretary, Joint Chiefs of Staff
59. Chief, Policy Planning Staff, Department of State
60. Secretary of State (Attention: Policy Reports Staff)
61. Deputy Director for Intelligence, The Joint Staff
- 62,63. Secretary, Joint Intelligence Group, Joint Staff
65. US Air Force Representative of Joint Strategic
Survey Committee
68. Administrator, Economic Cooperation Administration

SECRET

Document No. 001
NO CHANGE in Class. ☐
☒ DECLASSIFIED
Class. CHANGED TO: 53 8 0
DDA Memo, 4 Apr 77
Auth: DDA REG. 77/1783
Date: 31-1-78 By: 013

~~SECRET~~